

Before the State of South Carolina  
Department of Insurance

In the matter of: )

Residential Ins. Co., Inc. (RRG) )

6 Waterfront Plaza )

500 Ala Moana Boulevard )

Honolulu, Hawaii 96813. )

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Consent Order

Imposing Administrative Penalty


File Number 2000-101841

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Residential Insurance Company, Inc., a risk retention group authorized to transact insurance business within the State of South Carolina.

Residential hereby admits, and I find as fact, that it failed to timely file its March 2000 Quarterly (annual adjusted) Fee and Tax Return with the Department. The Department previously has addressed this issue with Residential last year, when it was given a first offense warning. Residential's action is a direct violation of S.C. Code Ann. §§ 38-87-40(1)(d) and (3)(a), 38-7-10, and 38-7-60 (3)(b) (Supp. 1999) that can ultimately lead to the revocation of an RRG's certificate of authority pursuant to S.C. Code Ann. §§ 38-87-40 (12) and 38-2-10 (Supp. 1999) to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Prior to the initiation of formal administrative disciplinary proceedings by the Department against it, Residential and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that, in lieu of the Department's filing of a petition to revoke its certificate of authority to transact business as an insurer within the State of South Carolina, Residential would waive its right to a public hearing and immediately submit an administrative penalty in the total amount of \$1,000.

Section 38-87-40 of the South Carolina Code requires RRGs to comply with State laws addressing insurance company licensing fees and taxation. Section 38-7-10(A) in pertinent part states that "Every insurer... [shall] pay to the Department a biennial license fee of eight hundred dollars by March first every other year." Subsection (B) of that Section also requires "a license fee of four hundred dollars for each kind of insurance of insurance for which the insurer is licensed" to be paid "by March first every two years." Section 38-7-60(3) requires insurers to pay "premium and other taxes imposed...in quarterly installments on or before March first, June first, September first, and December first of each calendar year."

 Residential Insurance  
Company, Inc. (RRG)

After a thorough review of the matter, carefully considering the recommendations of the parties, and pursuant to my findings of fact and conclusions of law, although I can now revoke Residential's certificate of authority, I hereby invoke the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 (Supp. 1999), accept the recommendation of the parties, and impose an administrative penalty in the total amount of \$1,000 against Residential. This administrative penalty must be paid within fifteen days of my date and signature upon this consent order. If that total amount is not paid on, or before, that date, then Residential's certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

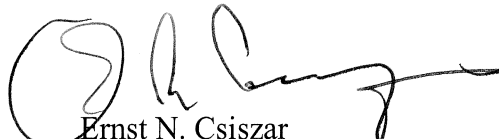
This penalty has been reached by the parties in consideration of Residential's assurance that it will timely file each of its future fee and tax returns with the Department. By the signature of one of its officers or authorized representatives upon this consent order, Residential acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1999).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 1999), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."


It is, therefore, ordered that Residential Insurance Company, Inc. shall, within fifteen days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of \$1,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.

  
Ernst N. Csiszar  
Director

May  
~~April~~ <sup>8</sup>, 2000, at  
Columbia, South Carolina

 Residential Insurance  
Company, Inc. (RRG)

I CONSENT:

Carl N. Hisatomi  
Signature of Authorized Representative

EARL N. HISATOMI  
Name

VICE PRESIDENT  
Title

Residential Insurance Company  
6 Waterfront Plaza  
500 Ala Moana Boulevard  
Honolulu, Hawaii 96813.

Dated this 8 day of <sup>May</sup> April, 2000